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Financial Report
The Work Connection, Inc.
Houma, Louisiana
For the year ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/16/08

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The Work Connection, Inc.

For the year ended June 30, 2007

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the accompanying statement of financial position of The Work Connection, Inc. (the Organization), a nonprofit organization, as of June 30, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2007, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2007, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on The Work Connection, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements of The Work Connection, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary information, marked "unaudited", presented on page 4 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 13, 2007.

STATEMENT OF FINANCIAL POSITION**The Work Connection, Inc.**

June 30, 2007

Assets

Grants receivable	\$ 159,925
Property and equipment, net	<u>50,237</u>
Total assets	<u>\$ 210,162</u>

Liabilities

Bank overdraft	\$ 4,245
Accounts payable and accrued expenses	<u>155,680</u>
Total liabilities	159,925

Net Assets

Temporarily restricted	<u>50,237</u>
Total liabilities and net assets	<u>\$ 210,162</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

The Work Connection, Inc.

For the year ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total	Budget (Unaudited)	Variance Favorable (Unfavorable) (Unaudited)
Revenues, Gains and Other Support					
Government grants	\$ 2,128,527	\$ 12,667	\$ 2,141,194	\$ 3,831,622	\$ (1,690,428)
Net assets released from restrictions:					
Satisfaction of use restrictions	26,208	(26,208)	-	-	-
Total revenues, gains and other support	2,154,735	(13,541)	2,141,194	3,831,622	(1,690,428)
Expenses					
Program Services:					
Adult	660,615	-	660,615	720,196	59,581
Dislocated Workers	1,001,350	-	1,001,350	2,601,366	1,600,016
Youth	373,991	-	373,991	381,548	7,557
STEPS	118,779	-	118,779	128,512	9,733
Total expenses	2,154,735	-	2,154,735	3,831,622	1,676,887
Decrease in Net Assets	-	(13,541)	(13,541)	-	(13,541)
Net Assets					
Beginning of year	-	63,778	63,778	-	63,778
End of year	\$ -	\$ 50,237	\$ 50,237	\$ -	\$ 50,237

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**The Work Connection, Inc.**

For the year ended June 30, 2007

	Program Services				
	Adult	Dislocated Workers	Youth	STEPS Program	Total
Salaries	\$ 251,703	\$ 290,170	\$ 146,744	\$ 101,710	\$ 790,327
Payroll taxes	19,252	21,824	11,792	7,780	60,648
Retirement	6,204	5,518	4,430	389	16,541
Employee benefits	7,062	20,216	17,388	245	44,911
Total salaries and related expenses	284,221	337,728	180,354	110,124	912,427
Advertising and public relations	222	1,300	316	-	1,838
Contract services	78,178	185,825	19,476	-	283,479
Depreciation	5,242	10,484	5,241	5,241	26,208
Equipment rentals	4,334	4,883	1,598	-	10,815
Equipment repairs and maintenance	6,831	8,965	6,071	-	21,867
Insurance	15,506	12,549	13,842	-	41,897
Membership dues and subscriptions	739	965	272	-	1,976
Miscellaneous	558	5,569	751	-	6,878
Occupancy	22,879	35,424	37,178	-	95,481
Postage and shipping	(481)	415	52	41	27
Professional fees	6,346	11,448	3,704	-	21,498
Participant room and board	-	900	1,704	-	2,604
Participant tuition	100,116	91,154	29,497	-	220,767
Participant child care	16,931	55,481	7,405	-	79,817
Other participant supportive services	23,977	118,361	27,376	-	169,714
Supplies	68,951	95,596	26,791	3,171	194,509
Telephone	6,289	6,706	4,052	-	17,047
Travel, meals and lodging	15,465	10,951	3,316	202	29,934
Utilities	4,311	6,646	4,995	-	15,952
Totals	\$ 660,615	\$ 1,001,350	\$ 373,991	\$ 118,779	\$ 2,154,735

See notes to financial statements.

STATEMENT OF CASH FLOWS**The Work Connection, Inc.**

For the year ended June 30, 2007

Cash Flows from Operating Activities

Decrease in net assets	\$ (13,541)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	26,208
Decrease in assets:	
Grants receivable	167,587
Other receivables	20,414
Decrease in liabilities:	
Bank Overdraft	(1,583)
Accounts payable and accrued expenses	(180,376)
Accrued employee benefits	(6,042)
Total adjustments	<u>32,250</u>
Net cash provided by operating activities	18,709

Cash Flows used in Investing Activities

Purchases of property and equipment	<u>(12,667)</u>
-------------------------------------	-----------------

Net Decrease in Cash	6,042
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Cash

Beginning of year	<u>-</u>
End of year	<u><u>\$ 6,042</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Work Connection, Inc.

June 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Work Connection, Inc. (the Organization) was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Investment Act (WIA), the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Investment Board (the LAT). The Organization is funded by the LAT as a subrecipient of Title I – B of WIA and Temporary Assistance for Needy Families/Strategies to Empower People (STEPS) grants.

b) Financial Statement Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2007.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2007.

f) Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Management believes that all receivables at June 30, 2007 are collectible.

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Department of Labor (LDOL). All property and equipment is ultimately the property of LDOL, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the year ended June 30, 2007 was \$26,208.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The total amount of accrued accumulated vacation leave at June 30, 2007 was \$6,134.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 80 hours. In no instance shall any employee receive wages for sick leave upon termination of employment.

i) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the State of Louisiana Department of Labor. Accordingly, certain costs have been allocated among the services and activities benefited.

j) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

k) Reclassification

Accrued employee benefits for compensated absences amounting to \$6,134 have been reclassified into accounts payable and accrued expenses as of June 30, 2007.

Note 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or for use in subsequent periods. As June 30, 2007, temporarily restricted net assets include \$50,237 for the use of property and equipment.

Note 3 - PROPERTY AND EQUIPMENT

At June 30, 2007, property and equipment consist of the following:

Transportation equipment	\$ 72,682
Office furniture and equipment	<u>94,175</u>
	166,620
Less: accumulated depreciation	<u>(116,620)</u>
Property and equipment, net	<u>\$ 50,237</u>

Note 4 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal and State of Louisiana Department of Labor paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required an operating budget in the amount of \$3,831,622, which is presented in Exhibit B. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 5 - ECONOMIC DEPENDENCY

As described above, the Organization receives its revenue from Federal grant funding passed through the State of Louisiana Department of Labor and the LAT. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 6 - PENSION PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the year ended June 30, 2007 were \$16,541.

Note 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2007.

Note 8 - OFFICE LEASE

Effective June 1, 2007, the Organization entered in a twenty-five (25) month operating lease for office space in Thibodaux, Louisiana for \$1,000 a month. The rental period for the lease commences July 1. Commitments under the lease as follows:

<u>Year</u>	<u>Amount</u>
2008	\$12,000
2009	<u>12,000</u>
Total	<u>\$ 24,000</u>

The remaining two offices are rented on a month-to-month basis. Rental expenditures incurred on all offices, including the above lease, amounted to \$95,481 during the year ended June 30, 2007.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the financial statements of The Work Connection, Inc., (the Organization), as of and for the year ended June 30, 2007, which collectively comprise the organizations basic financial statements and have issued our report thereon dated December 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and which is described in the accompanying schedule of findings and responses as item 07-01.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency described in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Audit Standards.

We noted certain matters that we reported to management of the Work Connection, Inc. in a separate letter dated December 13, 2007.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 13, 2007.



Bourgeois Bennett

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Compliance

We have audited the compliance of The Work Connection, Inc., (the Organization), a nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in the Organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a major federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana,
December 13, 2007.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

For the year ended June 30, 2006

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Labor			
<u>Pass-Through Payments:</u>			
<u>Louisiana Department of Labor:</u>			
<u>LAT Workforce Investment Board, Inc.:</u>			
WIA Adult Program	17.258	OCR# 474-000559	668,040
WIA Youth Activities	17.259	OCR# 474-000559	368,750
WIA Dislocated Workers	17.260	OCR# 474-000559	990,866
Strategies to Empower People (STEPS)	93.558	OCR# 474-401318	113,538
Total			<u>\$ 2,141,194</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

June 30, 2007

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Work Connection, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2007 reconciles to the Organization's financial statements for the year ended June 30, 2007 as follows:

Total federal expenditures	\$2,141,194
Capital expenditures for the purchase of capitalized property and equipment	(12,667)
Depreciation of capitalized property and equipment	<u>26,208</u>
Total expenses	<u>\$2,154,735</u>

Note 3 - FINDINGS OF NONCOMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2007.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2007

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant Deficiency(ies) identified that are not
considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133? ☐ yes ☒ no

c) Identification of Major Programs:

CFDA Number(s)

Name of Federal Program

17.258

WIA Adult Program

17.259

WIA Youth Activities

17.260

WIA Dislocated Workers

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2007

Section I Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

Section II Financial Statement Findings

Internal Control

07-01 Criteria – Effective internal controls requires that an entity have staffing with the technical expertise, knowledge, and available time to prepare financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process.

Condition – Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge, and experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the expertise required to prepare the statements and all disclosures.

Questioned Costs – None.

Context – Systematic.

Effect – Work Connection, Inc. has a recognized deficiency in its internal control.

Cause – Work Connection, Inc. has not determined a need for staff possessing the required technical expertise.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2007

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

07-01 (Continued)

Recommendation – We recommend Work Connection, Inc. consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in according with generally accepted accounting principles.

Views of Responsible Officials of the Auditee – When There is a Disagreement With the Finding, to the External Protocol - None

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2007.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2007

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2006.

No reportable conditions were noted during the audit of the financial statements for the year ended June 30, 2006.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2006.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2006.

Section III Management Letter

06 – 1 Recommendation – Management should follow up on each travel advance given to employees within two weeks of the travel. An expense report should be obtained with documentation for the expenses incurred while traveling.

Management's Corrective Action – Management will follow up with employees on all open travel advances. Management will obtain expense reports for the travel advances received by the employees shortly after the travel has occurred. Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.

For the year ended June 30, 2007

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

07-01 Recommendation – Management should consider the need for having personnel with technical expertise and knowledge to prepare financial statements and disclosure in accordance with generally accepted accounting principles.

Management's Response – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2007.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2007.

Section III Management Letter

07-2 Recommendation – We recommend the Organization begin to reconcile the adjusted book balance in cash management to the cash account in the general ledger. We also recommend that the Executive Director continue to review the reconciliation, and determine if they have been reconciled back to the general ledger and cash management.

Management's Response – Management will begin to reconcile bank reconciliation to both cash management report and cash account in general ledger.

07-3 Recommendation – We recommend the Organization obtain surety bond coverage for all persons receiving or disbursing funds and all other responsible persons.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(continued)

The Work Connection, Inc.

For the year ended June 30, 2007

Section III Management Letter (continued)

07-3 (continued)

Management's Response – Management will obtain surety bond coverage for all responsible persons.